

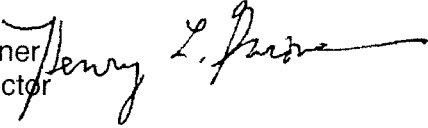
ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

M E M O

Date: July 8, 2010
To: Executive Board
From: Henry L. Gardner 
Executive Director
Subject: **Executive Director's Report**

This is my last report to you as Executive Director of ABAG. My seven and a half years have been a thoroughly rewarding experience. Having spent most of my career in local government, ABAG has allowed me to see beyond city borders and recognize the importance, indeed the necessity, of working across jurisdictional boundaries to develop a common vision to shape the future of the Bay Area.

This has been interesting and challenging work. The Bay Area is a very diverse place, socially, economically, politically, geographically, and culturally. It is what makes the area extraordinarily attractive. With that diversity come big challenges. What is apparent to me is that our political leadership and the public are ready to tackle the tough issues to ensure the Bay Area continues to be the envy of the state and the nation.

Your support for the staff and the work we do has allowed ABAG to make some measurable progress in forging cooperation among our regional agencies in developing the Sustainable Communities Strategy, climate change initiatives, air quality improvements, and in recognizing the threat of sea level rise and its effects on the region. Traffic congestion, housing affordability, job development, greenhouse gas emissions all remain major issues to address over the next decade. Yet this is moment of opportunity to effect lasting change in the way we grow into the future, and I believe the Bay Area is poised to seize that opportunity. I will be keeping a close watch.

Long-term financial stability continues to escape us. The most fungible resources we have are membership dues, which constitute only seven percent (7%) of our revenues. We have made two previous attempts with the strong support and leadership of Senator Mark DeSaulnier to get legislative authority to levy a very modest vehicle registration fee. The third attempt is slowly winding its way through the Legislature with an uncertain conclusion. There are two measures pending, and we hope at least one of them will survive and be approved by the Governor. One would generate approximately \$6 million for the Bay Area and the second would generate up to \$24 million. The first is authored by Senator DeSaulnier, to be levied by the State, it would be used by ABAG and MTC to plan for and implement SB 375, the Sustainable Communities Strategy. The second is authored by Assemblywoman Fiona Ma, would be subject to voter approval, and would provide support for ABAG and MTC, but would also fund planning grants and small projects for cities and counties. There are very limited avenues for ABAG to gain financial stability and we are hopeful that one of the measures will become reality.



State Budget

The season of no State budget and no agreement on budget principles to develop one is upon us, with all the uncertainty and dysfunction it creates. There is little chance the eventual adopted budget will be realistic and will most likely have illusory revenues and expenditure reductions as in the past, further complicating the fiscal problems of cities and counties. Initiatives on the November ballot, especially the one sponsored by the League of California Cities, could further exacerbate the State budget problem. Budget reform measures on the November ballot calling for a simple majority of the Legislature to adopt a State budget, but continuing to require a two-third approval for raising taxes and fees, will do very little to fix the problem.

Legislation Update

AB 153 (Ma). This bill authorizes the Bay Area and other regions in the State by a vote of the people to impose a fee up to \$4 on vehicle registrations to pay for regional land use planning activities. Currently in the Senate Rules Committee, the outlook for passage of this particular bill will be determined by action of the Rules Committee when the Legislature Returns to Sacramento from the Summer Recess. The situation is complicated by the fact that the subject matter of the bill is within the jurisdiction of two policy committees (Senate Revenue and Taxation and Senate Local Government) and only one committee (Rev and Tax) has heard the bill though Senate Rules has the ability to send the bill directly to the Appropriations Committee. ABAG is working with the Senate Leadership in an effort to resolve this situation so that the bill may move forward in August.

SB 1205 (Corbett). This bill establishes the Bay Area Disaster Recovery Planning Council to create a long-term regional recovery plan for an earthquake in collaboration with various stakeholders. Currently in the Assembly Appropriations Committee, enactment will require passage by Assembly Appropriations, Assembly Floor, Senate Floor for Concurrence in Assembly amendments, and signature by the Governor.

SB 375 Sustainable Communities Strategy

Item 7 on the agenda provides a comprehensive report on our current work on SB 375, the Sustainable Communities Strategy. A key component of our work is to successfully engage local elected officials in the process, something we fell short of in the Livability Footprint Project several years ago. Staff is currently working on scheduling an evening meeting that will initiate the SCS engagement process in each county. The meetings will be convened by an ABAG Executive Board member and an MTC Commissioner. I would like to urge the Board members to assist us with the SCS process by attending these meetings if at all possible. We look forward to your comments and suggestions about how we ensure meaningful participation.

Regional Airport System Long Term Recovery Planning

In a project funded by Caltrans Aeronautics Division, ABAG will receive \$400,000 over three years to study the long-term recovery of the regional airport system. This project will take a comprehensive look at the Bay Area's airport system and their role in the region's post-disaster recovery. A system of alternate airports capable of surviving a disaster must be developed to compensate for potential loss of capacity at the three

internal airports and numerous access routes must be identified to all airports because of expected road closures.

Regional Agencies Facility

The Bay Area Air Quality Management District is planning to relocate its offices. The current location no longer serves their needs in terms of location near transit, adequate office and meeting room space, and overall condition of the building. They have asked ABAG and MTC to explore with them the possibility of co-locating the three agencies into one building. This is a very preliminary exploration at this point and no commitments have been made to do anything other than to consider the possibility. The presidents and vice presidents, chairs and vice chairs, and the executive directors of the three agencies will be meeting with the firms (CB Richard Ellis and Sedway Consulting) that have been selected by the Air District to analyze the feasibility of such a proposal and report back to the respective boards and commissions. Cost and method of financing will be a major driver, along with close proximity to good public transit. The fact that both ABAG and MTC already own their existing spaces will also have to be taken into consideration. ABAG made its final payment for ownership in December 2009. We will keep the Board apprised of our discussions and analysis.

ABAG POWER

Property Assessed Clean Energy (PACE) financing programs were dealt a set back when Fannie Mae and Freddie Mac notified lenders that they would not accept mortgages with PACE liens. Recently the Obama Administration tried to convince the Federal Housing Finance Agency (FHFA) to change their position, but they were unsuccessful. Subsequently the Energy Department stated the Administration needed to begin contingency planning on what to do with stimulus funding allocated to PACE programs. This decision will not directly affect ABAG's Retrofit Bay Area program, however, it will likely affect some Bay Area counties that were counting on stimulus funding to jump start their PACE program.

ABAG Financial Services

There were no financings delivered by ABAG and its affiliated entities since my last report.

